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DEPARTMENT FOR AF/W (JHUNTER)

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SUBJECT: PRESIDENT LAYS OUT SIERRA LEONE'S DEVELOPMENT PRIORITIES

**¶11. (U)** Summary: On May 19, President Koroma presented his new poverty reduction strategy, the "Agenda for Change" focusing on four priority sectors: Power and Water Upgrades; Agricultural Output; Transportation Networks; and Human Development (Education and Health). President Koroma noted that his plan could only be implemented with significant donor assistance in a secure and stable environment. He explained that Sierra Leone must act now to dramatically increase the economic growth rate; if the rate remained unchanged it would still take 14 years just to reach one dollar/day/person. Finally, he wanted his donor partners to spread the message that Sierra Leone is "open for business," and seeking private investment. End Summary.

**¶12. (U)** President Koroma personally launched Sierra Leone's second poverty reduction strategy paper, labeled the "Agenda for Change," in a meeting with development partners and ministers May 19th. Ministers gave powerpoint briefings on their areas of responsibility; sources reported that the ministers rehearsed their presentations extensively. Priority will be placed on Energy and Water, Agriculture, Infrastructure, and Human Development, and the President called on donors to: align foreign aid to Sierra Leonean priorities; work with Sierra Leone to expand donor base to non-traditional countries like Brazil and India; honor existing commitments and scale-up where needed; shorten the duration between commitment and disbursement without compromising fiduciary standards

**¶13. (U)** Koroma assured donors that efforts were in place to strengthen government and mobilize resources within the country, contributing to building momentum for the Agenda. He also mentioned restructuring the National Revenue Authority (NRA) and implementing a Value Added Tax (VAT).

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Energy and Water  
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**¶14. (U)** The Agenda noted that power and water are key to development and to securing public and private investment, and the Ministry proposed construction of two dams, a new power station, and expansion of an existing power station at a cost of \$600 million. The Ministry intended to improve the governance and regulation of both the energy and water sectors, formulate an integrated policy approach for energy and water and enhance the enabling environment for public and private participation. A number of hindrances remain: less than 10% of the population has electricity; institutional roles are unclear and uncoordinated; there are significant capacity constraints; power transmission and distribution networks are old and/or damaged; half the population has no safe drinking water.

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Agriculture  
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**15.** (U) Agriculture is the backbone of the Sierra Leone economy. Currently, agriculture's share of GDP is 45% and accounts for 1/4 of export earnings and employs 2/3 of the population. The Ministry intends to increase agricultural productivity, promote private sector operations, improve research and extension service delivery, promote effective and efficient resource management, and mainstream cross-cutting issues such as gender, youth, farmer health and environmental sustainability. Key challenges to achieving goals include inadequate and untimely financial support, weak rural infrastructure, and slow response to the effects of global rising food prices. To address these agricultural issues, the Ministry proposes the following: implementation of an Irrigated National Rice Development Program, improvement of rural livelihoods through integrated commercialization of cassava, rice and other crops, and a market-oriented forestry and tree crop production system. Total cost for these projects is estimated at USD 475.5 million.

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Transportation Infrastructure  
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**16.** (U) Sierra Leone requires a reliable transportation network to move goods and people and facilitate investment and economic activity. Currently, rural and feeder roads are inadequate and poorly maintained. Inland waterways connecting villages and farming areas to market centers are also woefully inadequate. The Transportation Ministry is proposing construction and rehabilitation of 523km of trunk roads, 1500km of feeder roads and 250km of roads in major towns,

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upgrading the infrastructure of and access to Lungi International Airport, and rehabilitation and construction of coastal and inland waterways including dredging. The total projected cost is USD 801.45 million.

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Human Development  
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**17.** (U) The Education Ministry proposes achieving universal primary education and completion, increasing access to higher education, skills training and literacy, implementing programs for early childhood care and pre-school opportunities, and providing improved governance, planning management and leadership within the Ministry. Key challenges include an inadequate number of qualified teachers and the poor provision of science and computer laboratories, libraries, and Internet facilities. Proposed projects included increased access to market-driven technical/vocational training and higher education for women and unemployed youth (USD 5 million); enhanced teaching of science and technology through construction and equipping of 20 science and computer labs throughout the country (USD 5 million); provision of technical assistance to tertiary education institutions for lecturers to undertake refresher courses (USD 2.5 million); and construction of two lecture halls with modern equipment in each of the five Teacher Training Colleges and in the two Universities (USD 5 million).

**18.** (U) Youth unemployment is a grave concern; currently, less than 20 percent of the youth population is covered by ongoing youth employment opportunities. Sierra Leone intends to establish a Youth Commission and expand current programs (USD 1.5 million); establish sporting complexes in the Provinces (USD 10 million); promote youth employment and leadership through training and education (USD 4 million); create opportunities for young people to participate in national and international sporting competitions; and address youth drug abuse, violence, crime and HIV/AIDS.

**19.** (U) The Health Ministry proposes to increase the

availability and accessibility of safe drugs, ensure that 90 percent of all drugs reach health facilities, ensure health care facilities include working equipment, electricity, and running water, improve child health by full immunization of 74 percent of children under a year old; ensure children under the age of 5 that present symptoms of fever receive appropriate treatment within 24 hours; and improve maternal health by increasing the number of women delivering at health care facilities and increase the number of cesarean sections. Priorities include the implementation of a Reproductive and Child Health program as an entry point to strengthen service delivery systems (USD 72 million); reduce illness and death associated with malaria through increased bednet coverage and access to effective treatment (USD 32 million); establish a credible health information system to ensure effective management of health programs (USD 2 million); and salary and incentives to ensure that health care workers are appropriately remunerated (USD 27 million).

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Resource Management  
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¶10. (U) Initial costs for implementation of the Agenda for Change is USD 1.9 billion. Despite positive growth prospects for the country, additional resources will be required to meet the total cost. The USD 850 million shortfall breaks down as follows: USD 161 million deficit for electricity; USD 150 million deficit for transportation; USD 160 million deficit for agriculture; and USD 198 million deficit for human development. The Agenda included the following mechanisms to ameliorate the shortfall:

--Expanding the domestic revenue base to include: (a) transfer of off-budget funds to a Consolidated Revenue Fund, improving efficiency in both tax and non-tax collection; (b) improving efficiency in both tax and non-tax collection; (c) targeted investments to boost critical growth sectors; (d) implement NRA Modernization Plan; (e) implement the Goods and Services Tax (GST); (f) minimize tax incentives and holidays; and (g) review mining contracts.

--Targeting nontraditional donors and the private sector for aid and investment support by: (a) expanding the non-traditional donor base to countries such as Brazil and India; (b) maximizing benefits of Private Sector Participation; (c) exploring Carbon Trading Potential; (d) improving Sierra Leone's Country Policy and Institutional

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Assessment (CIPA); and (e) improving the Doing Business ranking.

--Strengthening Public Financial Management (PFM) and aid coordination by: (a) implementing an integrated PFM reform program; and (b) developing and implementing an aid policy to enable government to take the lead in aid management by clearly defining roles and procedures and improving transparency and reporting.

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COMMENT  
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¶11. (U) The format for the Agenda for Change presentation resembled a private sector stockholder's meeting, reflecting the President's intent to import the lessons he learned from decades in the insurance business into Sierra Leone's governmental process. This is a positive change, but may not be enough to overcome the reality that GoSL resources to implement the Agenda are either finite, or absent altogether. Post is encouraged that the GoSL recognition of this obstacle is more than theoretical, and implementing legislation (the GST is one example), is already beginning to pass through Parliament. Better revenue collection is important, but Sierra Leone still requires substantial donor funding and

private investment before it can turn the economic corner.

End Comment.

FEDZER